RESOLUTION NO. #23-004

LONE STAR GROUNDWATER CONSERVATION DISTRICT

RESOLUTION REVIEWING AND APPROVING INVESTMENT POLICY AND INVESTMENT STRATEGIES

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77th Leg., R.S., ch. 1321, p. 3246, § 1(a);

WHEREAS, the Public Funds Investment Act of Texas ("the Investment Act") requires that the Board of Directors annually review the investment policy and investment strategies of the District and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies;

WHEREAS, Sec. 36.1561, Water Code, requires the investment officers of the District to attend six hours of initial training within twelve months after taking office or assuming duties and four hours of renewal investment training instruction relating to investment responsibilities not less than once every two years from an independent source approved by the Board of Directors of the District;

WHEREAS, the Board of Directors is charged with reviewing annually the Investment Policy and investment strategies of the District and may either readopt the Investment Policy without amendments or draft amendments for consideration by the Board;

WHEREAS, on July 12, 2022, the Board of Directors met and reviewed the Investment Policy of the District, attached hereto, and the investment strategies contained therein;

WHEREAS, the Board of Directors has reviewed the investment officer designations of the District and has determined such designations are current;

WHEREAS, the investment officers of the District have attended investment training through an independent source approved by the Board and are meeting the training requirements set forth in the Investment Act; and

WHEREAS, said Board of Directors has reviewed monthly financial reports in compliance with requirements set forth in the Investment Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The Board of Directors of the District, after reviewing the existing Investment Policy and investment strategies of the District, hereby approves the District's Investment Policy without amendments as the Investment Policy of the District *(see attached)*.

2. That such review and consideration of the Investment Policy is in compliance with Section 1.02 of the District's Investment Policy.

3. The General Manager and Treasurer of the Board of Directors are hereby authorized to continue to serve as Investment Officers for the District. This designation may be changed from time to time without reference to or repeal of this resolution.

4. The General Manager is authorized to take any and all action necessary for the implementation of this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED this 13th day of June 2023.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: _____
Jim Spigener, President

ATTEST:

_____
Janice Thigpen, Secretary

INVESTMENT POLICY

This Investment Policy (the "Policy") is adopted by the Board of Directors of Lone Star Groundwater Conservation District, of Montgomery County, Texas (the "District"), pursuant to Chapter 2256 of the Texas Government Code and Chapter 36 of the Texas Water Code.

ARTICLE I

Section 1.01. Purpose.

This investment policy establishes the principles and criteria by which the Lone Star Groundwater Conservation District shall invest its public funds to ensure the safety and protection of these funds at all times while providing adequate liquidity for all District cash flow demands and optimizing the District's investment returns. This investment policy is in compliance with all state and local statutes governing the investment of public funds including the Public Funds Investment Act, Chapter 2256, Government Code and the Public Funds Collateral Act, Chapter 2257, Government code. This policy also will specify the scope of authority of District Officials responsible for the investment of District funds.

Section 1.02. Annual Review.

The District shall review this Investment Policy at least annually and adopt a resolution confirming the continuance of the Investment Policy without amendment or adopt an Amended Investment Policy.

ARTICLE II

Section 2.01. Definitions.

Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

a) "Authorized Collateral" or "Collateral" means any security with which District funds may be secured under Chapter 2257, Texas Government Code.

b) "Authorized Investment" shall mean any security the District is authorized to purchase as an investment under Chapter 2256, Texas Government Code.

c) "Board" shall mean the Board of Directors of the Lone Star Groundwater Conservation District.

d) "Director" shall mean a person appointed to serve on the Board of Directors of the District.

e) "District" shall mean the Lone Star Groundwater Conservation District, a political subdivision of the State of Texas, created under authority of Article XVI, §59 of the Texas Constitution and with Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246 (as amended), (H.B. No. 2362) and Chapter 36, Water Code.

f) "District Officials" shall mean the Investment Officer, District Directors, officers, employees, and persons and business entities handling investments for the District.

g) "Employee" shall mean any person employed by the District, but does not include independent contractors or professionals hired by the District as outside consultants.

h) "Investment Act" shall mean the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended from time to time.

i) "Investment Officer(s)" means the Director(s) or Employee(s) of the District appointed from time to time by the Board to invest and reinvest the funds of the District.

ARTICLE III

Section 3.01. Policy of Investment.

A. The preservation of the District's principal shall be the primary concern of the District Officials who are responsible for the investment of District funds. It is the policy of the District that after allowing for the anticipated cash flow requirements of the District and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines seeking to optimize interest earnings. Applicable legislation includes, but is not limited to, Public Funds Investment Act, Chapter 2256, Government Code, Public Funds Collateral Act, Chapter 2257, Government Code, and any other applicable State or Federal laws or restrictions.

B. District funds shall be invested and reinvested by the District's Investment Officer only in specific allowable investments types as listed in Chapter 2256, Texas Government Code, and the District shall not invest in any investments not specifically allowed under that statute or deemed inappropriate by the District's Board of Directors.

Principal and accrued interest invested in Certificates of Deposit ("CDs") in accordance with this policy shall not exceed the FDIC, or its successor's, insurance limits or the Collateral pledged as security for the District's investments. It shall be acceptable for the District's Investment Officer to periodically receive interest on the CDs if needed to keep the amount of the funds under the insurance or collateral limits.

It shall be the responsibility of the District's Investment Officer to invest and reinvest the District funds in accordance with this policy to meet the needs and requirements of the District. The Board, by separate resolution, may provide that the Investment Officer may withdraw or transfer funds from and to accounts of the District on such terms as the Board considers advisable.

ARTICLE IV

Section 4.01. Investment Officer.

The District's Board of Directors shall designate one or more officers or employees of the District to be responsible for the investment of its funds and be the Investment Officer. No person may deposit, withdraw, invest, transfer, or otherwise manage funds of the District without this express authority. Investment Officers(s) shall be responsible for the investment of District funds, consistent with the investment policy adopted by the District. An Investment Officer's authority is effective until rescinded by the Board of Directors or until termination of employment by the District. Designated Board Members and Investment Officer(s) shall comply with all continuing training requirements including those established by Government Code §2256.008.

Section 4.02. Training.

The Investment Officer(s) of the District shall attend one or more investment training sessions as required by the Investment Act and Chapter 36.1561(b), Water Code, through courses and seminars offered by professional organizations, associations, and other independent sources in order to ensure the quality and capability of investment management in compliance with the Investment Act. The Investment Officer of the District shall attend a training session of at least six hours of instruction relating to investment responsibilities under Chapter 2256, Government Code, not later than the first anniversary of the date the officer takes office or assumes the officer's duties. The Investment Officer shall attend at least four hours of additional investment training on or before the second anniversary of the last training session the officer attended. The investment training session shall be provided by an independent source approved by the Board. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institution of higher education or any other sponsor other than a business organization with whom the District may engage in an investment transaction.

Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with Chapters 2256 and 2257, Government Code.

Section 4.03. Disclosures Required of Persons Selling Investments of the District.

The Investment Officer(s), the District bookkeeper, and any person who assists the Investment Officer with the Investment Officer's duties hereunder shall disclose in writing any personal business relationship or relationship within the second degree by affinity or consanguinity and any individual seeking to sell an investment to the District as required by the Investment Act.

Such disclosure statement shall be filed with the Board. In addition, any individual or business organization seeking to sell an investment to the District shall provide a written statement they do not boycott the State of Israel and will not boycott the State of Israel during the term of any contract with the District.

Section 4.04. Certification from Sellers of Investments.

The Investment Officer(s) shall present this Policy to any person offering to engage in an investment transaction with the District and shall obtain from such person a certificate in substantially the form attached here as "Exhibit A", signed by a qualified representative of the business organization offering to engage in an investment transaction with the District. This certificate will document such person's receipt, review, and understanding of this Policy; will reflect that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the business organization and the District that are not authorized by the District's investment policy, as required by the Investment Act; and will reflect that the business organization has reviewed the terms and characteristics of the investment and determined that the investment complies with the requirements of the Investment Act.

Section 4.05. Safekeeping and Custody (FIRREA)

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that the depository institution's board of directors or a designated committee approve depository agreements which must be an official record of the institution continuously since its execution. The Investment Officer(s) shall request a copy of the depository's resolution approving the agreement.

Depository agreements executed in accordance with FIRREA, and requiring a resolution of the bank board or bank loan committee, will be established before funds are deposited.

Collateral will be pledged under the terms of a written tri-party agreement executed under the terms of FIRREA. If the custodian is the Federal Reserve the District will execute a Circular 7 pledge agreement. The agreement will be approved by resolution of the bank's board or loan committee.

Section 4.06. Reporting by the Investment Officer.

Not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer(s) shall prepare and submit to the Board a written report of the investment transactions for all funds of the District for the preceding reporting period. The report must:

1. Describe in detail the investment position of the District on the date of the report, including a listing of each individual security held at the end of the reporting period;

2. Be prepared jointly by all the Investment Officers of the District, if the District appoints more than one;

3. Be signed by all Investment Officers and District Officials who prepare the report;

4. State the book value and the market value of each separately invested asset showing the unrealized gains or losses resulting from appreciation or depreciation at the beginning and end of the reporting period by the type of asset and fund type invested;

5. Show the average weighted yield to maturity of the portfolio.

6. Show the percentage of the total portfolio that each type of investment represents;

7. State the maturity date of each separately invested asset that has a maturity date;

8. State the District fund for which each individual investment was acquired; and

9. State the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

The District's annual audit shall include a formal annual review of the investment reports with the results reported to the Board.

Section 4.07. Assistance with Certain Duties of the Investment Officer.

The Board hereby authorizes and directs the District's Bookkeeper and any other District Officials requested by the Investment Officer to assist the Investment Officer(s) with any of his duties, including but not limited to the following:

1. Presenting a copy of the Policy to any person or business organization seeking to sell an investment to the District and obtaining the necessary written certification from such seller referred to in this section;

2. Handling investment transactions;

3. Preparing and submitting to the Board the written report of all investment transactions for the District as required by this section;

4. Researching investment options and opportunities;

5. Obtaining written depository pledge agreements as required herein;

6. Obtaining safe-keeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and

7. Reviewing the market value of the District's investments and of the Collateral pledged to secure the District's funds.

ARTICLE V
PROCEDURES FOR INVESTMENT OF DISTRICT MONIES

Section 5.01. General Provisions

All funds and accounts of the District shall be invested only in authorized investments in accordance with this Policy and shall comply with any additional requirements imposed by applicable state law or federal tax law, including the Investment Act and the Public Funds Collateral Act. The Investment Officer(s) may withdraw or transfer funds from and to accounts of the District only in compliance with this Policy. No fund groups shall be pooled for the purposes of investment. Methods shall be in place to monitor the market price of investments acquired with District funds.

Section 5.02. Solicitation of Bids for Certificates of Deposit.

Requests and bids for certificates of deposit shall be solicited in writing, electronically, or in any combination of those methods.

Section 5.03. Settlement Basis.

All purchases on investments, except investment in investment pools or in mutual funds, shall be made on a delivery versus payment basis. The safekeeping entity for all District investments and for all Collateral pledged to secure District funds shall be approved by the Investment Officer(s).

Section 5.04. Monitoring of the Market Value of Investments and Collateral.

The Investment Officer(s), with the help of District Officials as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of District funds at least quarterly and at a time as close as practicable to the closing of the reporting period for investment. Pledged collateral values shall be included on the investment report. The following methods shall be used:

(a) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.

(b) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.

(c) Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:

(1) the lower of two bids obtained from securities broker/dealers for such security;

(2) the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;

(3) the bid price published by any nationally recognized security pricing service; or

(4) the market value quoted by the seller of the security or the owner of such Collateral.

(d) Other investment securities with a remaining maturity greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in 5.06(c) hereof.

ARTICLE VI
PROVISIONS APPLICABLE TO ALL FUNDS

Section 6.01. Provisions Applicable to All Fund Groups.

A. All Funds of the District shall be invested only in accordance with this Policy and shall comply with any additional requirements imposed by Bond Resolutions of the District and applicable state law or federal tax law, including the Investment Act and the Public Funds Collateral Act.

B. The Board, by separate resolution, may provide that the District's bookkeeper, under direction from the Investment Officer(s), may withdraw or transfer funds from and to accounts of the District only in compliance with this Policy.

C. No fund groups shall be pooled for the purposes of investment.

Section 6.02. Policy of Securing Deposits of District Funds – Applicable to All Deposited District Funds.

A. The District recognizes that FDIC (or its successor) insurance is available for District funds deposited at any one Texas Financial Institution (including branch banks) only up to a maximum of $250,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders. It is the policy of the District that all deposited funds in each of the District's accounts shall be insured by the FDIC, or its successor, and to the extent not insured, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest.

B. If it is necessary for the District's depositories to pledge Collateral to secure the District's deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving the same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide to the Investment Officer or District Officials written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to the District. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any District funds in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and District Officials to proceed diligently to have such agreement approved and documented to assure protection of the District's funds. If the decision is made to forego the protection of a collateral pledge agreement with any depository, the District bookkeeper shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.

C. Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the District bookkeeper shall obtain safe-keeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this investment Policy and in the amount required was pledged to the District. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or is successor's, insurance limits or the market value of the Collateral pledged as security for the District's deposits. It shall be acceptable for the bookkeeper to periodically receive interest on deposits to be deposited to the credit of the District if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or co-tenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and District Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The District bookkeeper shall monitor the pledged Collateral to assure that it is pledged only to the District, review the fair market value of the Collateral to ensure that the District's funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.

D. The District's funds deposited in any Texas financial institution, and to the extent they are not insured, may be secured in any manner authorized by law for the District as such law is currently written or as amended in the future. The following are the securities that may be used as Collateral:

1. Obligations of the U.S. or its agencies and instrumentalities;

2. Direct obligations of the State of Texas or its agencies and instrumentalities;

3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality or the U.S., the underlying security for which is guaranteed by an agency or instrumentality of the U.S.;

4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the U.S. or the State of Texas or their respective agencies and instrumentalities;

5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less that A or its equivalent.

6. Certificates of deposit issued by a depository institution that has its main office or a branch office in Texas guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or its successor that are secured by the obligations in which the District may invest under the Investment Act.

7. Certificates of Deposit (Out-of-State) issued by one or more federally insured depository institutions, wherever located – but arranged through a depository institution that has its main office or a branch office in Texas. (Each certificate of deposit's principal and interest is fully insured by US.)

E. Notwithstanding anything to the contrary provided above, the following may not be used as Collateral and are not authorized as investments for the District under the Investment Act:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

3. Collateralized mortgage obligations that have a final stated maturity date of greater than 10 years; or

4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Section 6.03. Diversification.

The Investment Officer may invest up to 100% of the funds of the District in any investment instrument authorized in this Policy.

ARTICLE VII
AUTHORIZED INVESTMENTS

Section 7.01. Authorized Investments.

Unless specifically prohibited by law or elsewhere by this Policy, District monies in any of its fund groups may be invested and reinvested only in the following types of Investments:

1. Obligations of the U.S. or its agencies and instrumentalities. Not to exceed 2 years to stated maturity.

2. Certificates of deposit issued by a depository institution that has its main office or a branch office in Texas guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or its successor that are secured by the obligations in which the District may invest under the Investment Act. Not to exceed one year to stated maturity. Collateral shall be provided in accordance with this Policy.

3. Certificates of Deposit (Out-of-State) issued by one or more federally insured depository institutions, arranged through a depository institution that has its main office or a branch office in Texas. Not to exceed one year to stated maturity. Collateral shall be provided in accordance with this Policy.

4. Investment pools that: a) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act; b) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service; and c) are authorized by Board resolution.

5. Certificates of Deposit obtained through a depository institution or broker that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Public Funds Investment Act. Not to exceed one year to stated maturity. Collateral shall be provided in accordance with this Policy.

Section 7.02. Prohibited Investments.

Notwithstanding anything to the contrary stated herein, no funds of the District may be invested in the following or in any other type of investment prohibited by the Investment Act or other applicable law:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (IO's);

2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (PO's);

3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (inverse floaters).

ARTICLE VIII
INVESTMENT STRATEGIES

Section 8.01. Investment Strategy for the Operating Fund.

Funds in the Operating or General Account shall be invested to meet the operating requirements of the District as determined by the annual operating budget prepared by the General Manger and adopted by the Board. The District's investment strategy for this fund shall be to invest such funds as to accomplish the following objective, which are listed in the order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the District;

2. Preservation and safety of principal;

3. Liquidity;

4. Marketability of the investment if the need arises to liquidate the investment before maturity;

5. Diversification of the investment portfolio; and

6. Yield.

Section 8.02. Investment Strategy for Special Funds.

Special Funds shall be invested to meet the operating requirements of the District as determined by the annual operating budget adopted by the Board or as determined by the Board. The District's investment strategy for this fund shall be to invest such funds to accomplish the following objectives, which are listed in the order of importance.

1. Understanding of the suitability of the investment to the financial requirements of the District;

2. Preservation and safety of principal;

3. Liquidity;

4. Marketability of the investment if the need arises to liquidate the investment before maturity;

5. Diversification of the investment portfolio; and

6. Yield.

It shall be the policy of the District that Special Funds shall not be invested for longer than thirteen (13) months. Funds placed in demand, savings, or time deposits shall be insured or secured as provided in the Policy.

ARTICLE IX

Section 9.01. Miscellaneous.

A. Checks/Drafts: All checks, drafts, notes, or other orders for the payment of money issued in the name of the District shall be signed by such officers or employees of the District as shall from time to time be authorized by resolution of the Board.

B. Depositories: All funds of the District except petty cash shall be deposited from time to time to the credit of the District in such banks or accounts as the Board may, from time to time, designate, and upon such terms and conditions as shall be fixed by the Board. The Board may, from time to time, authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem expedient.

Section 9.03. Superseding Clause.

This Policy supersedes any prior policies adopted by the Board of Directors regarding investment or securitization of District Funds.

Section 9.04. Open Meeting.

The Board officially finds, determines, and declares that this Investment Policy was reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted at a place convenient to the public in Montgomery County for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy

was discussed, considered and acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

ARTICLE X

Section 10.01. Performance Standards

The District's investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio shall be designed with the objective of obtaining a rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements of the District.

Section. 10.02. Performance Benchmark

It is the policy of the District to purchase investments with maturity dates coinciding with cash flow needs. Through this strategy, the District shall seek to optimize interest earnings utilizing allowable investments available on the market at that time. Market value will be calculated on a quarterly basis on all securities owned and compared to current book value. The District's portfolio shall be designed with the objective of regularly meeting the average rate of return on U.S. Treasury Bills at a maturity level comparable to the District's weighted average maturity in days.

Exhibit A

CERTIFICATE OF COMPLIANCE FROM SELLERS OR INVESTMENTS AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT

To: Lone Star Groundwater Conservation District

From: _____, _____
[Name of the person offering or the "qualified representative of the business organization" offering to engage in an investment transaction with the District] [Office such person holds]

of _____ (the "Business Organization")
[Name of financial institution, business organization or investment pool]

Date: _____, 20___

In accordance with the provisions of Chapter 2256 of the Texas Government Code, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the District or a "qualified representative" of the Business Organization offering to enter into an investment transaction with the District, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, and that I meet all requirements under such Act to sign this Certificate.

2. I or the Business Organization, as applicable, anticipate selling to the District investments that comply with the District's Investment Policy and the Investment Act (collectively referred to herein as the "Investments") dated _____, 20___ (the "Investment Policy").

3. I or a registered investment professional that services the District's account, as applicable, have received and reviewed the Investment Policy, which the District has represented is the complete Investment Policy of the District now in full force and effect. The District has further acknowledged that I or the Business Organization, as applicable, may rely upon the Investment Policy until the District provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy.

4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions between the District and me

or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the District's entire portfolio or requires an interpretation of subjective investment standards.

5. I or the Business Organization, as applicable, have/has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the District and determined (i) that each of the Investments is an authorized investment for local governments under the Investment Act and (ii) each of the Investments is an authorized investment as to whether any limits on the amount of District monies to be invested in the Investments exceeds or in any way violates the Investment Policy.

6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.

7. The Business Organization has attached hereto, for return to the District, or will provide a prospectus or disclosure document for each of the Investments other than certificates of deposit and direct obligations of the United States

8. This Business Organization does not boycott the State of Israel and will not boycott the State of Israel during the term of this contract.

By: _____

Name: _____

Title: _____

Investments, <u>other than certificates of deposit</u>, are not FDIC insured, are not deposits or other obligations of me, the Business Organization or any of its affiliates, and are subject to investment risks, including possible loss of the principal amount invested.

APPENDIX A

LSGCD INVESTMENT POLICY REVISION/AMENDMENTS

Amended – 07.14.15	Remove references to performance benchmarks
Amended – 07.14.15	Update and include Exhibit "A" – Qualified Brokers
Reviewed – 08.30.16	No recommended changes
Re-adopted – 09.13.16	Updated
Amended – 10.10.17	Section 5.02 Restated requests for bids must be in writing. Removed "orally".
Amended – 08.14.18	Updated to include Article X. Benchmarks may be a useful where investment income exceeds the benchmark as an indication of unacceptably high risk.
Amended – 08.14.18	Updated to include Section 2270.002 of the Texas Government Code statutory requirements that business contacts do not boycott the State of Israel and will not boycott the State of Israel during the term of any contract with the District.
Reviewed – 08.13.19	No recommended changes.
Reviewed – 07.12.22	Readopted. No recommended changes.
Reviewed – 06.13.23	Readopted. No recommended changes.

EXHIBIT "A"
LIST OF AUTHORIZED BROKERS

Effective June 13, 2023

Allegiance Bank
Amegy Bank, N.A., a division of ZB N.A.
American Bank of Commerce (ABC Bank)
Austin Capital Bank SSB
Bank of America N.A./Merrill Lynch
Bank of Texas, a division of BOKF, N.A.
Bank of the Ozarks
Bank of the West
BBVA – Compass Bank
Beal Bank SSB
Blackrock Investments, Inc.
BOK Financial Securities, Inc.
Branch Banking and Trust Company (BB&T)
Business Bank of Texas, N.A.
Cadence Bank, N.A.
Capital Bank of Texas
Capital One, N.A.
Central Bank
Chasewood Bank
Citibank N.A./Citigroup
Comerica Bank
Commercial State Bank
Community Bank of Texas
East West Bank
Edward Jones
Federated Investors Inc.
Fidelity Investments
First Bank and Trust East Texas
First Citizens Bank
First Financial Bank, N.A.
First National Bank Texas/First Convenience Bank
First State Bank Central Texas
First Texas Bank
First United Bank
Frontier Bank of Texas
Frost Bank
FTN Financial
Green Bank, N.A.
Guaranty Bank & Trust, N.A.
Heritage Bank, N.A.
Herring Bank
Hilltop Securities, Inc./First Southwest Asset Management
HomeTown Bank, N.A.
IberiaBank
Icon Bank of Texas, N.A.
Independent Bank
Integrity Bank, SSB
International Bank of Commerce (IBC Bank)
Inter National Bank
J.P. Morgan Chase & Co./J.P. Morgan Securities
JPMorgan Chase Bank, N.A.
Legacy Texas Bank
Legg Mason, Inc.
LOGIC (Local Gov't. Investment Cooperative)
Lone Star Bank
Lone Star Investment Pool/First Public, LLC
Lowery Bank, a division of Huntington State Bank
MidSouth Bank, N.A.
Moody National Bank
Morgan Stanley
NewFirst National Bank
Pioneer Bank
PlainsCapital Bank
Plains State Bank
Post Oak Bank
Preferred Bank
Prosperity Bank
Raymond James Financial, Inc.
R Bank
RBC Capital Markets/RBC Investments
Regions Bank
Robert W. Baird & Company, Inc.
Santander Bank, N.A.
Spirit of Texas Bank SSB
State Street Bank & Trust Co.

EXHIBIT "A"
LIST OF AUTHORIZED BROKERS

Texan Bank
Texas Capital Bank, N.A.
Texas Citizens Bank
Texas C.L.A.S.S.
Texas Exchange Bank
Texas First Bank
Texas Gulf Bank, N.A.
TexPool/TexPool Prime
Tex Star Investment Pool
The Bank of New York Mellon
The Bank of New York Mellon Trust Company, N.A.
The Bank of River Oaks
The First National Bank of Bastrop
The Independent Bankers Bank (TIB)
Third Coast Bank S.S.B.
Trustmark National Bank
UBS Financial Services, Inc.
UBS Securities LLC.
United Bank of El Paso del Norte
United Texas Bank
Unity National Bank
Wallis State Bank
Wells Fargo Advisors
Wells Fargo Bank, N.A.
Wells Fargo Investments, LLC
Wells Fargo Securities, LLC
Westbound Bank
West Star Bank
Whitney Bank
Woodforest National Bank